

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

W

**W-01732A**  
**Willow Valley Water Company, Inc.**  
**3800 N. Central Ave., Ste. 770**  
**Phoenix, AZ 85012**

**RECEIVED**

APR 18 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

**FOR YEAR ENDING**

<b>12</b>	<b>31</b>	<b>2005</b>
-----------	-----------	-------------

entered  
4-19-06  
RF

FOR COMMISSION USE

<b>ANN04</b>	<b>05</b>
--------------	-----------

## COMPANY INFORMATION

**Company Name (Business Name)** Willow Valley Water Company, Inc.

**Mailing Address** 3800 N. Central Ave. Suite 770  
(Street)

Phoenix  
(City)

AZ  
(State)

85012  
(Zip)

602-224-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

**Email Address** johnmihlikjr@wmcwater.com

**Local Office Mailing Address** 1430 E. Commercial St.  
(Street)

Mohave Valley  
(City)

AZ  
(State)

86440  
(Zip)

928-768-4413

Local Office Telephone No. (Include Area Code)

928-768-2972

Fax No. (Include Area Code)

928-303-1103

Pager/Cell No. (Include Area Code)

**Email Address** jeff@wmcwater.com

## MANAGEMENT INFORMATION

**Management Contact:** John Mihlik CFO  
(Name) (Title)

3800 N. Central Ave. Suite 770  
(Street)

Phoenix  
(City)

AZ  
(State)

85012  
(Zip)

602-244-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

**Email Address** johnmihlikjr@wmcwater.com

**On Site Manager:** Jeff Theuret  
(Name)

1430 E. Commercial St.  
(Street)

Mohave Valley  
(City)

AZ  
(State)

86440  
(Zip)

928-768-4413

Telephone No. (Include Area Code)

928-768-2972

Fax No. (Include Area Code)

928-303-1103

Pager/Cell No. (Include Area Code)

**Email Address** jeff@wmcwater.com

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** John F. Goodson  
(Name)

<u>2025 N. 3<sup>rd</sup> St.</u> (Street)	<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85004</u> (Zip)
---	--------------------------	----------------------	-----------------------

<u>602-252-5110</u> Telephone No. (Include Area Code)	<u>602-257-1883</u> Fax No. (Include Area Code)	<u>602-252-5823</u> Pager/Cell No. (Include Area Code)
--	--	---

**Attorney:** Bill Sullivan  
(Name)

<u>2712 N. 7<sup>th</sup> St.</u> (Street)	<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85006</u> (Zip)
---	--------------------------	----------------------	-----------------------

<u>602-248-0372</u> Telephone No. (Include Area Code)	<u>602-266-8290</u> Fax No. (Include Area Code)	<u>        </u> Pager/Cell No. (Include Area Code)
--	--	---

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |  |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO          |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE          |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL             |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA              |
| <input type="checkbox"/> STATEWIDE  |                                   |  |

**COMPANY NAME**

Willow Valley Water Company, Inc.

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	18,100	0	18,100
304	Structures and Improvements	116,886	72,441	44,445
307	Wells and Springs	60,069	37,407	22,662
311	Pumping Equipment	274,903	192,485	82,418
320	Water Treatment Equipment	238,614	95,693	142,921
330	Distribution Reservoirs and Standpipes	256,670	81,291	175,379
331	Transmission and Distribution Mains	548,258	202,217	346,041
333	Services	89,789	36,526	53,263
334	Meters and Meter Installations	194,162	135,606	58,556
335	Hydrants	27,175	9,953	17,222
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	22,813	14,362	8,451
341	Transportation Equipment	25,541	14,068	11,473
343	Tools, Shop and Garage Equipment	13,978	6,109	7,869
344	Laboratory Equipment			
345	Power Operated Equipment	23,949	12,811	11,138
346	Communication Equipment	2,205	1,438	767
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,937	1,798	2,139
	ACC Staff Rate Case Adj. 1997		14,670	(14,670)
	<b>TOTALS</b>	<b>1,917,050</b>	<b>928,873</b>	<b>988,177</b>

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME

Willow Valley Water Company, Inc.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2) SLHY	Depreciation Expense (1x2)
301	Organization	0	0%	0
302	Franchises	0	0%	0
303	Land and Land Rights	18,100	0%	0
304	Structures and Improvements	116,886	3.33%	3,892
307	Wells and Springs	60,069	3.33%	2,000
311	Pumping Equipment	274,903	12.50%	34,090
320	Water Treatment Equipment	238,614	3.33%	7,946
330	Distribution Reservoirs and Standpipes	256,670	2.22%	5,698
331	Transmission and Distribution Mains	548,258	2.00%	10,965
333	Services	89,789	3.33%	2,932
334	Meters and Meter Installations	194,162	8.33%	15,634
335	Hydrants	27,175	2.00%	507
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	22,813	6.67%	1,435
341	Transportation Equipment	25,541	20.00%	3,429
343	Tools, Shop and Garage Equipment	13,978	5.00%	666
344	Laboratory Equipment			
345	Power Operated Equipment	23,949	5.00%	1,160
346	Communication Equipment	2,205	10.00%	206
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,937	3.33%	131
	<b>TOTALS</b>	<b>1,917,050</b>		<b>90,690</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 8,194	\$ 2,942
134	Working Funds		
135	Temporary Cash Investments	68,058	70,584
141	Customer Accounts Receivable	26,878	31,609
146	Notes/Receivables from Associated Companies	155,509	198,917
151	Plant Material and Supplies	17,061	17,061
162	Prepayments	3,785	0
174	Miscellaneous Current and Accrued Assets	24,138	18,679
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 303,623	\$ 339,792
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,871,598	\$ 1,917,050
103	Property Held for Future Use		
105	Construction Work in Progress	0	133
108	Accumulated Depreciation – Utility Plant	(838,183)	(928,873)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 1,033,416	\$ 988,310
	<b>TOTAL ASSETS</b>	\$ 1,337,039	\$ 1,328,102

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 0	\$ 1,989
232	Notes Payable (Current Portion)	31,046	36,354
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	6,350	7,650
236	Accrued Taxes	25,600	16,160
237	Accrued Interest	3,829	4,198
241	Miscellaneous Current and Accrued Liabilities	0	9,723
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 66,825	\$ 76,074
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 523,338	\$ 502,679
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	603,594	623,083
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		9,423
	<b>TOTAL DEFERRED CREDITS</b>	\$ 603,594	\$ 632,506
	<b>TOTAL LIABILITIES</b>	\$ 1,193,757	\$ 1,211,259
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 53,000	\$ 53,000
	Preferred Stock Issued	135,100	135,100
211	Paid in Capital in Excess of Par Value	108,790	108,790
215	Retained Earnings	(153,607)	(180,049)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 143,283	\$ 116,841
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,337,039	\$ 1,328,102

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,820	\$ 467,175
460	Unmetered Water Revenue		
474	Other Water Revenues	23,882	22,709
	<b>TOTAL REVENUES</b>	<b>\$ 498,702</b>	<b>\$ 489,884</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 112,516	\$ 106,398
610	Purchased Water		
615	Purchased Power	24,466	23,731
618	Chemicals		
620	Repairs and Maintenance	3,394	8,635
621	Office Supplies and Expense	21,582	28,376
630	Outside Services	151,442	163,497
635	Water Testing	8,941	7,106
641	Rents		
650	Transportation Expenses	14,275	16,304
657	Insurance – General Liability	5,198	5,094
659	Insurance - Health and Life	13,902	13,445
666	Regulatory Commission Expense – Rate Case	4,000	0
675	Miscellaneous Expense	5,184	2,795
403	Depreciation Expense	77,843	90,690
408	Taxes Other Than Income	10,169	9,639
408.11	Property Taxes	28,418	26,736
409	Income Tax	6,082	(5,150)
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 487,414</b>	<b>\$ 497,296</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 11,288</b>	<b>\$ (7,412)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 11,315	\$ 10,040
421	Non-Utility Income	11,788	13,225
426	Miscellaneous Non-Utility Expenses	(150)	(1,479)
427	Interest Expense	(39,744)	(40,814)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (16,791)</b>	<b>\$ (19,028)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (5,503)</b>	<b>\$ (26,440)</b>



**COMPANY NAME**

Willow Valley Water Company, Inc.

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>	<b>LOAN #5</b>
Date Issued	1/95	12/98	9/98	10/03	
Source of Loan	CoBank	CoBank	WIFA	WIFA	
ACC Decision No.	58918	60713	60713	64891	
Reason for Loan	Plant Improvement	Office Building	Plant Improvement	Well Site Upgrade	
Dollar Amount Issued	\$300,000	\$75,350	\$232,650	\$110,000	
Amount Outstanding	\$207,958	\$61,621	\$175,568	\$79,710	
Date of Maturity	6/2015	12/2018	9/2018	12/2022	
Interest Rate	9.53%	v 8.0%	6.125%	4.375%	
Current Year Interest	\$20,819	\$4,166	\$11,552	\$3,606	
Current Year Principal	\$12,907	\$2,493	\$9,338	\$4,789	

Meter Deposit Balance at Test Year End

\$60,644

Meter Deposits Refunded During the Test Year

\$9,280

COMPANY NAME

Willow Valley Water Company, Inc.

**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603947 (King St.)	15	500	97	8	4	
55-603949 (Unit 17)	15	400	86	8	6	
55-603951 (Unit 1)	15	250	100	16	4	
55-603952 (Ridding Club)	5	90	91	20	3	
55-604161 (LC Little)	5	225	102	16	6	
55-604160 (LC Big)	10	400	100	12	4	

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	1	34	24
15	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
210,000	1	13,000	1
150,000	1	5,000	3
93,000	1	2,000	1
50,000	1	80	4

COMPANY NAME

Willow Valley Water Company, Inc.

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	565
3	PVC	2,387
4	PVC	76,262
5		
6	PVC	43,110
8	PVC	26,852
10	PVC	1,510
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	1,520
3/4	1
1	10
1 1/2	2
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	2
Comp. 6	1
Turbo 6	1

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

MIOX treatment system at King St. Wellsite

---



---



---



---



---

**STRUCTURES:**

Office Building; Fences around all well sites; Wood shed at King St.

---



---



---



---



---

**OTHER:**


---



---



---



---



---

**COMPANY NAME:**

Willow Valley Water Company, Inc.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLON PUMPED (Thousands)</b>
<b>JANUARY</b>	1,503	6,495	6,272
<b>FEBRUARY</b>	1,507	5,782	6,373
<b>MARCH</b>	1,510	7,227	7,504
<b>APRIL</b>	1,515	9,639	9,953
<b>MAY</b>	1,508	10,300	10,601
<b>JUNE</b>	1,515	14,087	15,226
<b>JULY</b>	1,522	12,825	13,728
<b>AUGUST</b>	1,529	13,437	13,741
<b>SEPTEMBER</b>	1,531	11,046	11,497
<b>OCTOBER</b>	1,532	9,891	10,328
<b>NOVEMBER</b>	1,532	7,690	7,794
<b>DECEMBER</b>	1,536	7,511	7,647
<b>TOTAL</b>		<b>115,930</b>	<b>120,664</b>

**Is the Water Utility located in an ADWR Active Management Area (AMA)?**☐ Yes☒ No**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**☐ Yes☒ No**If yes, provide the GPCPD amount: \_\_\_\_\_****What is the level of arsenic for each well on your system. \_\_\_\_\_ < .007 mg/l***(If more than one well, please list each separately.)****Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Willow Valley Water Company, Inc. YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 27,577

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

---

---

---

---

---

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

APR 18 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF AZ

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>Mohave</b>
NAME (OWNER OR OFFICIAL) TITLE <b>J. John Mihlik - President</b>
COMPANY NAME <b>Willow Valley Water Company, Inc.</b>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

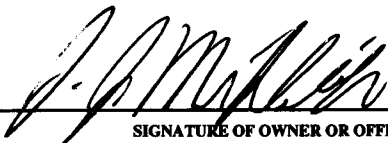
MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
  
602-224-0711  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 18th DAY OF

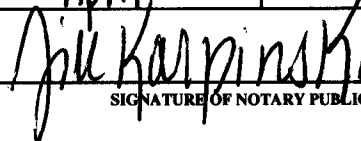
COUNTY NAME <b>Maricopa</b>	
MONTH <u>April</u>	2006

(SEAL)

MY COMMISSION EXPIRES



**JILL GOSWAMI**  
Notary Public - Arizona  
Maricopa County  
Expires 04/12/09

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Willow Valley Water Company, Inc. YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported (288)  
Estimated or Actual Federal Tax Liability (98)

State Taxable Income Reported (577)  
Estimated or Actual State Tax Liability (289)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0  
Amount of Gross-Up Tax Collected 0  
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
**SIGNATURE**

4/15/06  
**DATE**

J. John Mihlik  
**PRINTED NAME**

President  
**TITLE**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 18 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>J. John Mihlik</u>
COMPANY NAME
<u>Willow Valley Water Company, Inc.</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 525,050

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 35,166  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

THIS 18th DAY OF

(SEAL)

MY COMMISSION EXPIRES



**JILL SHAFER  
Notary Public - Arizona  
Maricopa County  
Expires 04/15/08**

*J. John Mihlik*  
SIGNATURE OF OWNER OR OFFICIAL  
602-224-0711  
TELEPHONE NUMBER

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u> , 2006

*Jill Kaspink*  
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

APR 18 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING**

COUNTY OF (COUNTY NAME)	Mohave		
NAME (OWNER OR OFFICIAL)	J. John Mihlik	TITLE	President
COMPANY NAME	Willow Valley Water Company, Inc.		

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

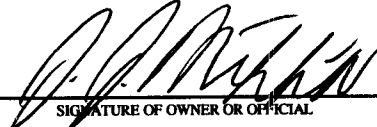
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 493,547

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 33,056  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
  
602-224-0711  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**


**THIS**

18th


**DAY OF**

**(SEAL)**

**MY COMMISSION EXPIRES**

 **ALL INFORMATION  
Notary Public - Arizona  
Maricopa County  
Expires 04/18/06**

NOTARY PUBLIC NAME <u>Jill Karpinski</u>	
COUNTY NAME	Maricopa
MONTH	<u>April</u>
	.2006

X   
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

Willow Valley Water Company, Inc.  
Balance Sheet  
December 31, 2005

**ASSETS**

<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$</b>	<b>1,917,049.77</b>
Construction in Progress		133.20
Accumulated Depreciation		(928,873.15)

<b>TOTAL PROPERTY, PLANT &amp; EQUIP.</b>	<b>988,309.82</b>
---	-------------------

**CURRENT ASSETS**

Cash	2,941.79
Accounts Receivable	29,955.51
Other Receivable	1,653.40
Materials & Supp Inventory	17,060.63
Prepaid Expense	0.00

<b>TOTAL CURRENT ASSETS</b>	<b>51,611.33</b>
-----------------------------	------------------

**OTHER ASSETS**

Restricted Cash	70,584.02
Deferred Finance Fees	0.00
Deferred Rate Case Expenses	0.00
Inter-Co Receivable	198,916.57
Note Receivable	0.00
Investment-CoBank	18,678.73

<b>TOTAL OTHER ASSETS</b>	<b>288,179.32</b>
---------------------------	-------------------

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,328,100.47</b>
---------------------	-----------	---------------------

Willow Valley Water Company, Inc.  
Balance Sheet  
December 31, 2005

**STOCKHOLDER'S EQUITY & LIABILITIES**

**STOCKHOLDER'S EQUITY**

Common Stock	\$ 53,000.00
Preferred Stock	135,100.00
Additional Paid in Capital	108,790.00
Retained Earnings	(153,607.48)
Net Income	(26,441.05)

<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>116,841.47</b>
-----------------------------------	-------------------

**LONG-TERM DEBT**

Long-Term Debt (Net of C/P)	505,121.77
-----------------------------	------------

<b>TOTAL LONG-TERM DEBT</b>	<b>505,121.77</b>
-----------------------------	-------------------

**CURRENT LIABILITIES**

Current Portion of L-T Debt	33,911.35
Account Payable	1,989.35
Customer Security Deposits	7,650.00
Current Portion of AIAC	3,222.69
Accrued Property Taxes	13,368.01
Accrued Sales & Use Taxes	2,792.20
Accrued Debt Interest	4,197.52

<b>TOTAL CURRENT LIABILITIES</b>	<b>67,131.12</b>
----------------------------------	------------------

**DEFERRED LIABILITIES**

Meter Deposits	60,644.00
Deferred Income Taxes	9,423.00
Inter-Co Payable	0.00
Advance Construction in Proces	28,319.40
AIAC (Net of C/P)	540,619.71

<b>TOTAL DEFERRED LIABILITIES</b>	<b>639,006.11</b>
-----------------------------------	-------------------

**TOTAL STOCKHOLDER'S EQUITY  
& LIABILITIES**

<b>\$ 1,328,100.47</b>
------------------------

Willow Valley Water Company, Inc.  
Income Statement  
For the Twelve Months Ending December 31, 2005

	<u>Current Month</u>	<u>Year to Date</u>
<b>Water Sales</b>	<b>\$ 36,082.20</b>	<b>\$ 467,174.95</b>
<b>Other Operating Revenue</b>	<b>1,969.42</b>	<b>22,709.16</b>
<b>TOTAL OPERATING REVENUE</b>	<b><u>38,051.62</u></b>	<b><u>489,884.11</u></b>
 <b>OPERATING EXPENSE</b>		
Wages	8,912.06	106,398.00
Employee Benefits	1,223.02	12,540.14
IRA Contribution	75.66	904.89
Purchased Power	1,590.50	23,730.99
Repairs & Maintenance	311.94	8,634.68
Water Testing & Treat.	471.13	7,106.00
Outside Services	4,265.81	17,552.97
Management Fees	12,312.00	145,944.00
Transportation	1,024.50	16,304.35
General Office & Admin.	1,918.01	20,517.87
Rent	0.00	0.00
General Insurance	424.46	5,093.52
Communications	617.96	6,279.98
Depreciation	7,557.55	90,690.49
Rate Case Expense	0.00	0.00
Bad Debts	(102.39)	1,390.35
Regulatory/Permits	0.00	1,405.42
Business Meetings/Travel	48.89	1,422.99
Continuing Education	100.00	155.00
Payroll Taxes	1,059.46	9,638.51
Property Taxes	1,412.01	26,736.03
Income Taxes	(5,150.00)	(5,150.00)
<b>TOTAL OPERATING EXPENSES</b>	<b><u>38,072.57</u></b>	<b><u>497,296.18</u></b>
 <b>EARNINGS (LOSS) FROM OPERATION</b>	<b><u>(20.95)</u></b>	<b><u>(7,412.07)</u></b>
 <b>OTHER INCOME (EXPENSE)</b>		
Interest Income	105.80	7,120.33
Interest Expense	(3,488.90)	(40,814.42)
Amortization	(1,341.70)	(1,479.20)
Other Income (Expense)	0.00	2,919.31
Income (Tax) Benefit	13,225.00	13,225.00
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b><u>8,500.20</u></b>	<b><u>(19,028.98)</u></b>
 <b>NET EARNINGS (LOSS)</b>	<b>\$ <u>8,479.25</u></b>	<b>\$ <u>(26,441.05)</u></b>

Unaudited

Willow Valley Water Company, Inc.  
Statement of Cash Flow  
For the twelve Months Ended December 31, 2005

	<u>Current Month</u>	<u>Year to Date</u>
<b>NET EARNINGS (LOSS)</b>	<b>\$ 8,479.25</b>	<b>\$ (26,441.05)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Depreciation	7,557.55	90,690.49
Accounts Receivable	(3,775.41)	(3,077.04)
Other Receivable	(272.00)	101,824.13
Inventory	0.00	0.00
Deferred Income Taxes	15,155.00	15,155.00
Prepaid Expense	345.69	3,784.62
Deferred Expenses	0.00	0.00
Deferred Expenses	1,341.70	1,479.20
Accounts Payable	1,989.35	1,989.35
Intercompany Payable	(171,870.78)	0.00
Intercompany Receivable	150,568.46	(146,885.29)
Accrued Liabilities	(322.90)	19,248.28
<b>TOTAL ADJUSTMENTS</b>	<b>716.66</b>	<b>84,208.74</b>
<b>NET CASH FROM OPERATIONS</b>	<b>9,195.91</b>	<b>57,767.69</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(5,967.76)	(45,584.52)
Investments	0.00	(1,751.58)
<b>NET CASH FOR (USED) IN INVESTING</b>	<b>(5,967.76)</b>	<b>(47,336.10)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing	0.00	0.00
Repayment of Debt	(4,325.29)	(15,351.19)
Restricted Cash	(245.72)	(2,526.00)
Paid In Capital	0.00	0.00
AIAC	0.00	(6,292.09)
Proceeds from Sec. Deposits	300.00	1,300.00
Proceeds from Meter Deposits	890.00	7,185.50
<b>CASH PROVIDED FOR FINANCING</b>	<b>(3,381.01)</b>	<b>(15,683.78)</b>
<b>NET CASH FLOW</b>	<b>(152.86)</b>	<b>(5,252.19)</b>
<b>Summary</b>		
Cash Balance at End of Period	2,941.79	2,941.79
Cash Balance at Beg. of Period	3,094.65	8,193.98
<b>Net Increase &lt;Decrease&gt; in Cash</b>	<b>\$ (152.86)</b>	<b>\$ (5,252.19)</b>

Unaudited

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel#93011611- First half				13,368.02

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
10/26/05	3576	Mohave County Treasurer		\$13,368.02

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER - SEE REVERSE SIDE FOR COMPLETE SECURITY FEATURES

## WILLOW VALLEY WATER COMPANY, INC.

3800 N. CENTRAL AVE., SUITE 770  
PHOENIX, ARIZONA 85012  
(602) 224-0711



BANK ONE, N.A.  
Phoenix, Arizona

91-2/1221

357

Memo: Parcel#93011611

CHECK NO.

DATE

AMOUNT

3576

Oct 26, 2005

\*\*\*\$13,368.02

PAY Thirteen Thousand Three Hundred Sixty-Eight and 02/100 Dollars

TO THE  
ORDER  
OF

Mohave County Treasurer  
Dora E. Goodmiller  
P.O. Box 712  
Kingman, AZ 86402-0712

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK TOUCH OR PRESS HERE RED IMAGE DISAPPEARS WITH HEAT

⑈003576⑈ ⑆122100024⑆

0442⑈3406⑈

WILLOW VALLEY WATER COMPANY, INC.

3576

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel#93011611- First half				13,368.02

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
10/26/05	3576	Mohave County Treasurer		\$13,368.02

**IMPORTANT** - SEE REVERSE SIDE FOR COMPLETE EXPLANATION  
OF YOUR TAX NOTICE AND PAYMENT INSTRUCTIONS.

**JAN. 1,** 2005

**DEC. 31,** 2005

**MOHAVE COUNTY, ARIZONA**  
TAX YEAR: 2005

PARCEL IDENTIFICATION	ROLL NUMBER	TAX AREA CODE	SITUS ADDRESS
93011611	0240406	01611	

<b>TOTAL VALUE OF OPERATING PROPERTY</b>			
225-27-006	25,730	225-27-018	10,199
225-27-032-B	1,000	225-27-032-G	22,254
225-29-152	13,171	225-30-136	16,934
225-31-127	1,000	225-37-041	8,004

WILLOW VALLEY WATER CO INC  
J JOHN MIHLIK/PRESIDENT

3800 N CENTRAL AVE #770  
PHOENIX 85012

00224 00340

PRIMARY PROPERTY TAX CALCULATION (1)			
ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE
LAND, BLDGS, ETC.	356685	25.0	89172
PERSONAL PROPERTY	614315		153579
<b>TOTALS</b>	<b>971000</b>		<b>242751</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	0	6.6028	16028.38
PERSONAL PROPERTY	0		
<b>TOTALS</b>			<b>16028.38</b>

SECONDARY PROPERTY TAX CALCULATION (2)			
ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE
LAND, BLDGS, ETC.	356685	25.0	89172
PERSONAL PROPERTY	614315		153579
<b>TOTALS</b>	<b>971000</b>		<b>242751</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	0	4.7236	10698.68
PERSONAL PROPERTY	0		
<b>TOTALS</b>			<b>10698.68</b>

TAX DISTRIBUTION (4)				TAX SUMMARY (3)	
TAX CODE	TAX JURISDICTION	2005 TAX	2004 TAX	CURRENT RATE/100	
02000	MOHAVE COUNTY	4248.14	4086.28	1.75000	PRIMARY AD VALOREM TAX 16028.38
02001	School Equalization	1057.92	1064.76	.43580	LESS STATE AID TO EDUCATION .00
05016	MO VAL ELEM SCHL DIST #16	4792.38	4616.32	1.97420	NET PRIMARY AD VALOREM TAX 16028.38
06200	COLORADO RIVER UHS #2	3647.10	3853.94	1.50240	SECONDARY AD VALOREM 10698.68
08150	MOHAVE COMMUNITY COLLEGE	2282.84	2214.28	.94040	SPECIAL DISTRICT TAX .00
11206	MOHAVE VAL FD	6505.72	6385.08	2.68000	SPECIAL ASSESSMENTS 8.98
11900	FIRE DIST ASSIST FUND	242.76	233.50	.10000	<b>TOTAL TAX</b> 26736.04
14900	MO CO LIBRARY DIST	785.54	755.60	.32360	<b>PAID TAX</b> 19358.02
15000	MO CO FLOOD CONTROL DIST	445.86	442.52	.50000	<b>DELINQUENT DATES</b>
16770	MOHAVE VAL I&D	8.98	8.44	1.33000	
28000	MO CO TV CID	210.46	202.44	.08670	
65016	SD #16 CLASS A BONDS	1034.60	2974.34	.42620	
66200	SD #2 CLASS A BONDS	.00	1580.34	.00000	
76200	SD #2 CLASS B BONDS	1473.74	.00	.60710	
<b>TOTALS</b>					
					<b>THIS IS THE ONLY NOTICE YOU WILL RECEIVE. NO RECEIPT WILL BE SENT UNLESS REQUESTED.</b>

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER - SEE REVERSE SIDE FOR COMPLETE SECURITY FEATURES

03355

91-2/122

\*\*\*\$14,208.92

SAFEGUARDS SECUR

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK TOUCH OR PRESS HERE - RED IMAGE DISAPPEARS WITH HEAT

044 200 340600

03355

ETHIOPIA SPSP 007366112L (201)



IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR TAX NOTICE AND PAYMENT INSTRUCTIONS.

JAN. 1, 2004 DEC. 31, 2004

MOHAVE COUNTY, ARIZONA  
TAX YEAR: 2004

PARCEL IDENTIFICATION	ROLL NUMBER	TAX AREA CODE	SITUS ADDRESS
93011611	0238932	01611	

TOTAL VALUE OF OPERATING PROPERTY			
225-27-006	25,730	225-27-018	10,199
225-27-032-B	1,000	225-27-032-G	22,254
225-29-152	13,171	225-30-136	16,934

WILLOW VALLEY WATER CO INC  
J JOHN MIHLIK/PRESIDENT  
  
3800 N CENTRAL AVE #770  
PHOENIX 85012

PRIMARY PROPERTY TAX CALCULATION (1)			
ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE
LAND, BLDGS, ETC.	354013	25.0	88504
PERSONAL PROPERTY	579987		144997
TOTALS	934000		233501
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	0	6.7818	15835.58
PERSONAL PROPERTY	0		
SECONDARY PROPERTY TAX CALCULATION (2)			
ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE
LAND, BLDGS, ETC.	354013	25.0	88504
PERSONAL PROPERTY	579987		144997
TOTALS	934000		233501
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	0	5.6954	12573.82
PERSONAL PROPERTY	0		

00335 00291

TAX CODE		TAX JURISDICTION	2004 TAX	2003 TAX	CURRENT RATE/100	TAX SUMMARY (3)	
02000		MOHAVE COUNTY	4086.28	3823.78	1.75000	PRIMARY	
02001		School Equalization	1064.76	1030.66	.45600	AD VALOREM TAX	15835.58
05016		MO VAL ELEM SCHL DIST #16	4616.32	5097.42	1.97700	LESS STATE AID	
06200		COLORADO RIVER UHS #2	3853.94	4093.62	1.65050	TO EDUCATION	.00
08150		MOHAVE COMMUNITY COLLEGE	2214.28	2069.84	.94830	NET PRIMARY	
11206		MOHAVE VAL FD	6385.08	5952.84	2.73450	AD VALOREM TAX	15835.58
11900		FIRE DIST ASSIST FUND	233.50	218.50	.10000	SECONDARY	
14900		MO CO LIBRARY DIST	755.60	707.08	.32360	AD VALOREM	12573.82
15000		MO CO FLOOD CONTROL DIST	442.52	434.64	.50000	SPECIAL	
16770		MOHAVE VAL I&D	8.44	7.64	1.25000	DISTRICT TAX	.00
28000		MO CO TV CID	202.44	189.44	.08670	SPECIAL	
65016		SD #16 CLASS A BONDS	2974.34	1340.72	1.27380	ASSESSMENTS	8.44
66200		SD #2 CLASS A BONDS	1580.34	1617.34	.67680		
TOTALS			28,417.84	26,583.52			
							DELIQUENT DATES
							VALUATION DATE
							ASSESSMENT DATE
							THIS IS THE ONLY NOTICE YOU WILL RECEIVE. NO RECEIPT WILL BE SENT UNLESS REQUESTED.